

STATE BANK OF INDIA, HONG KONG
INTERIM DISCLOSURE STATEMENT
SECTION A - BRANCH INFORMATION (HONG KONG ONLY)

I. Profit and Loss Account

For the six months ended 30th September 2018

	<u>30.9.2018</u> (HK\$'000)	<u>30.9.2017</u> (HK\$'000)
<u>INCOME</u>		
Interest income	1,925,685	1,172,463
Interest expenses	(1,692,798)	(997,491)
Net interest income	<u>232,887</u>	<u>174,972</u>
 <u>Other Operating Income</u>		
Gains less losses from dealing in foreign currencies	11,660	6,926
Gains less losses from trading in interest rate derivatives		
Gains less losses from non-trading Investments	245	11,384
Gross fees and commission income (Expenses- NIL)	30,568	117,589
Others	-	-
Total Income	<u><u>275,360</u></u>	<u><u>310,871</u></u>
 <u>EXPENDITURE</u>		
<u>Operating Expenses</u>		
Staff and rental expenses	32,617	30,909
Other expenses less fees and commission expenses	14,957	18,872
Net charge for other provisions	<u>91,847</u>	<u>(2,142)</u>
Operating Profit before Impairment Losses	135,939	263,232
Impairment losses and provisions for impaired loans and receivables		
- Collective Provision	15,888	(10,918)
- Specific Provision	<u>10,278</u>	<u>45,627</u>
Profit before Taxation	109,773	228,523
Taxation Expense	<u>(15,780)</u>	<u>(32,000)</u>
Profit after Taxation	<u><u>93,993</u></u>	<u><u>196,523</u></u>



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II. Balance Sheet

As at 30th September 2018

	<u>30.09.2018</u> (HK\$'000)	<u>31.03.2018</u> (HK\$'000)
<u>ASSETS</u>		
1. Cash and balances with banks (except those included in amount due from overseas offices)	2,383,906	1,768,315
2. Placement with banks which have a residual contractual maturity of more than one month but not more than 12 months (except those included in amount due from overseas offices)	312,680	1,247,752
2a. Placement with banks which have a residual contractual maturity of more than 12 months (except those included in amount due from overseas offices)	781,700	784,750
3. Amount due from overseas offices	67,844,329	71,124,501
4. Trade Bills	2,022,561	2,605,648
5. Certificates of Deposit held	-	-
6. Securities held for trading purposes	-	-
7. Loans and Receivables		
Advances to customers	28,204,772	31,985,459
Advances to banks	3,201,747	5,788,265
Other Accounts (Accrued interest and others)	896,241	881,358
Provision for impaired loans and receivables - collective	(235,917)	(158,334)
Provision for impaired loans and receivables - specific	(17,013)	(220,946)
8. Investment Securities	8,702,551	8,534,077
9. Other Investments	-	-
10. properties	67,350	68,747
Total Assets	<u>114,164,907</u>	<u>124,409,592</u>
<u>LIABILITIES</u>		
1. Deposits and balances of banks (except those included in amount due from overseas offices)	88,536,426	100,187,990
2. Deposits from customers		
i) Demand deposits and current accounts	78,950	70,053
ii) Savings deposits	35,906	40,435
iii) Time, call and notice deposits	4,341,100	4,687,914
3. Amount due to overseas offices	16,530,395	15,037,890
4. Certificates of Deposit issued	-	-
5. Issued Debt Securities	-	-
6. Other liabilities (Accrued interest and others)	4,642,130	4,385,310
7. Other Provisions	-	-
Total Liabilities	<u>114,164,907</u>	<u>124,409,592</u>

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III. Additional Information

1. Impaired Loans and Advances

There were no impaired loans and advances to banks as at 30th September 2018 and 31st March 2018.

There were impaired loans and advances to other customers to the extent of HK\$ 40.344 million as at 30th September 2018 and HK\$ 393.638 million as at 31st March 2018 .

2. Derivatives

	<u>30.9.2018</u> (HK\$'000)	<u>31.3.2018</u> (HK\$'000)
a) Notional Amount		
i) Exchange rate contracts	12,456,940	39,251,547
ii) Interest rate contracts	5,082,918	5,643,672
TOTAL	<u>17,539,858</u>	<u>44,895,219</u>
b) Fair Value of Derivative contracts (Gross)		
i) Exchange rate contracts	(2,151)	2,160
ii) Interest rate contracts	7,924	2,149
TOTAL	<u>5,773</u>	<u>4,309</u>

There are no bilateral netting arrangements and hence there is no effect on the fair value of the derivatives.

3. Off Balance Sheet Exposure other than Derivative Transactions

	<u>30.9.2018</u> (HK\$'000)	<u>31.3.2018</u> (HK\$'000)
Notional Amount		
i) Direct credit substitutes	19,317	18,114
ii) Trade related contingent items	213	768,104
iii) Other commitments	134,399	116,074
TOTAL	<u>153,929</u>	<u>902,292</u>

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III. Additional Information - continued

4. International Claims

30.9.2018
(HK\$ Million)

	Non-Bank Private Sector					Total
	Banks	Official Sector	Non-Bank financial institutions	Non-financial private sector	Others	
Developed countries	56	509	-	4,537	-	5,102
of which Australia	5	-	-	106	-	111
of which USA	33	509	-	831	-	1,373
of which Netherland	-	-	-	2,663	-	2,663
of which Luxemburg	-	-	-	611	-	611
Offshore centres	98	-	-	1,967	-	2,065
of which Singapore	2	-	-	895	-	897
of which Mauritius	-	-	-	864	-	864
Developing Europe	-	-	-	-	-	-
Developing Latin America and Caribbean	-	-	-	-	-	-
Developing Africa and Middle East	315	196	-	91	-	602
of which UAE	2	-	-	91	-	93
of which Saudi Arabia	-	149	-	-	-	149
of which Qatar	235	-	-	-	-	235
Developing Asia-Pacific	78,433	6,351	-	14,947	-	99,731
of which India	75,417	5,537	-	12,647	-	93,601

31.3.2018
(HK\$ Million)

	Non-Bank Private Sector					Total
	Banks	Official Sector	Non-Bank financial institutions	Non-financial private sector	Others	
Developed countries	69	511	-	5,865	-	6,445
of which Australia	10	-	-	212	-	222
of which USA	41	511	-	838	-	1,390
of which Netherland	-	-	-	3,915	-	3,915
of which Luxemburg	-	-	-	564	-	564
Offshore centres	134	512	-	1,405	-	2,051
of which Singapore	2	347	-	555	-	904
of which Mauritius	1	-	-	850	-	851
Developing Europe	-	-	-	-	-	-
Developing Latin America and Caribbean	-	-	-	-	-	-
Developing Africa and Middle East	244	196	-	-	-	440
of which UAE	9	-	-	-	-	9
of which Qatar	235	-	-	-	-	235
Developing Asia-Pacific	84,735	1,136	5,851	15,136	-	106,858
of which India	82,142	-	5,851	13,240	-	101,233

International claims are derived according to the location of counter parties on which the ultimate risk lies after taking into account any transfer of risk.



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III. Additional Information - continued

5. Advances to Customers

	30.9.2018 (HK\$'000)	31.3.2018 (HK\$'000)
a) <u>By Sectors</u>		
<u>Loans for use in Hong Kong</u>		
i) Industrial, commercial & financial wholesale and retail trade	7,122	7,644
Transport and transport equipment	-	772,727
Financial sectors	227,641	404,000
ii) Individuals		
For other* business purposes	62	1,276
For other* private purposes	134,898	120,303
iii) All others	99,015	153,042
 <u>Trade Financing</u>	 -	 -
 <u>Loans for use outside Hong Kong</u>	 27,736,034	 30,526,467
 TOTAL **	 <u>28,204,772</u>	 <u>31,985,459</u>

* Other than for purchase of residential properties or credit card advances

** The total loans are covered by collateral or other security to the extent of \$5,855,542 (HK\$'000) as at 30th September 2018 and \$ 9,389,690 (HK\$'000) as at 31st March 2018.

b) By Geographical Areas

Hong Kong	468,738	1,458,992
India	18,601,197 *	22,143,410 *
Others	9,134,837	8,383,057
TOTAL	<u>28,204,772</u>	<u>31,985,459</u>

*Out of these loans to India, HK\$ 40,344 ('000s) as at 30th September 2018 and HK\$ 393,638 ('000s) as at 31st March 2018 are impaired loans.

Geographical locations are based on the physical location of the borrower. Risk transfer is only made if the claim is guaranteed by a party in a country which is different from the counterparty.



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III. Additional Information - continued

6. Overdue and Rescheduled Assets of Customers

	30.9.2018 (HK\$'000)				31.3.2018 (HK\$'000)			
	Amount	% of total loans & advances to customer	Collateral held	Specific provision made	Amount	% of total loans & advances to customer	Collateral held	Specific provision made
More than 3 months but not more than 6 months	-	-	-	-	-	-	-	-
More than 6 months but not more than one year	-	-	-	-	-	-	-	-
More than one year	40,344	0.14	40,344	17,013	393,638	1.23	384,222	158,334

There were no other assets overdue for more than 3 months as at 30th September 2018 and 31st March 2018 .

There were rescheduled loans and advance to customers \$40,344 ('000s) as at 30th September 2018 and \$ 40,501 as at 31st March 2018.

There were no repossessed assets as at 30th September 2018 and 31st March 2018 .

7. Overdue and Rescheduled Assets to banks and other Financial Institutions

There were no advances to banks overdue for more than 3 months as at 30th September 2018 and 31st March 2018 .

There were no rescheduled advances as at 30th September 2018 and 31st March 2018 .

There were no repossessed assets as at as at 30th September 2018 and 31st March 2018 .



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III. Additional Information - continued

8. Non-bank Mainland Activities

<u>Type of counterparties</u>	<u>30.9.2018</u> (HK\$'000)			<u>31.3.2018</u> (HK\$'000)		
	<u>On-balance sheet exposure</u>	<u>Off-balance sheet exposure</u>	<u>Total</u>	<u>On-balance sheet exposure</u>	<u>Off-balance sheet exposure</u>	<u>Total</u>
1 Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	226,965	-	226,965	78,826	-	78,826
2 Local governments, local government-owned entities and their subsidiaries and JVs	-	-	-	-	-	-
3 PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	-	-	-	-	-	-
4 Other entities of central government not reported in item 1 above	-	-	-	-	-	-
5 Other entities of local governments not reported in item 2 above	-	-	-	-	-	-
6 PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	-	-	-	-	-	-
7 Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	5,857,633	-	5,857,633	5,936,046	-	5,936,046
Total	6,084,598	-	6,084,598	6,014,872	-	6,014,872
Total assets after provision	114,164,907			124,409,592		
On-balance sheet exposures as percentage of total assets	5.33			4.83		



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III. Additional Information - continued

9. Foreign Currency Exposure

The position in a particular currency will be reported if the net position (in absolute terms) constitutes 10% or more of the total net position in all foreign currencies.

	30.9.2018 (HK\$ Million)						Total
	US\$	GBP	EUR	JPY	AUD	SGD	
Spot assets	107,244	7	3,903	852	289	176	112,471
Spot liabilities	(106,993)	(124)	(4,189)	(17)	(102)	(13)	(111,438)
Forward purchases	5,613	260	1,347	1,081	2,709	16	11,026
Forward sales	(5,881)	(148)	(1,060)	(1,910)	(2,895)	(178)	(12,072)
Net options	-	-	-	-	-	-	-
Net long (short) position	(17)	(5)	1	6	1	1	(13)

	31.3.2018 (HK\$ Million)						Total
	US\$	GBP	EUR	JPY	AUD	SGD	
Spot assets	114,430	43	4,718	912	591	185	120,879
Spot liabilities	(117,252)	(123)	(3,934)	(18)	(449)	(5)	(121,781)
Forward purchases	20,010	10,080	1,535	2,254	940	4	34,823
Forward sales	(17,197)	(10,000)	(2,317)	(3,146)	(1,082)	(182)	(33,924)
Net options	-	-	-	-	-	-	-
Net long (short) position	(9)	-	2	2	-	2	(3)

There is no net structural position constituting 10% or more of the total net structural position in all foreign currencies as at 30th September 2018 and 31st March 2018 .



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III. Additional Information - continued

10. Liquidity

	Six Months ended 30.9.2018	Six Months ended 30.9.2017
Average Liquidity Maintenance Ratio	<u>69.76%</u>	<u>93.04%</u>

Average Liquidity Maintenance Ratio is calculated as the simple average of each month's average liquidity ratio for the first six months of the financial year computed in accordance with Banking Liquidity Rules.

	Three Months ended 30.9.2018	Three Months ended 30.6.2018	Three Months ended 31.03.2018
Average Liquidity Maintenance Ratio	<u>68.94%</u>	<u>70.59%</u>	<u>71.80%</u>

Average Liquidity Maintenance Ratio is calculated as the simple average of each month's average liquidity ratio for the three months of the quarter computed in accordance with Banking Liquidity Rules.

LIQUIDITY RISK MANAGEMENT

Bank has established in all material respects, the Internal Control system and Procedures in accordance with the requirements set-out in the "Supervisory Policy Manual (LM2- Sound Systems and Controls for Liquidity Risk Management) issued by HKMA. The Risk Management Committee, comprising of the Senior Executives of the Hong kong Branch is responsible for implementing the Liquidity Risk Management Strategy. Guidelines are issued by this Committee periodically for funding and contingency Planning. The bank uses the Cash Flow projections / Liquidity Planning schedules, prepared on a daily basis for Liquidity Management. The risk is tracked through maturity and cash flow mis-matches. Surplus or deficit at selected maturity dates, known as "Time buckets" is adopted as the standard tool for measuring Liquidity Risk. Limits on tolerance level of mis-matches have been set by the Bank and monitored regularly. Wholesale deposits and borrowings are also monitored on a daily basis.

The Bank calculates periodically various ratios with reference to the borrowings, wholesale deposits, commitments and derivative positions and these ratios are also used for monitoring the liquidity management. In addition, the Bank has committed lines of credit available to it, which can be utilised at any time, without any notice. Overall, the Bank has established sound Liquidity Policies and Procedures for Liquidity Management and they are being adhered to strictly.



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11. Remuneration System

The senior management and the key personnel of the branch are Bank's officers from India, the remuneration package is on the lines decided by the Working Group of the Standing Committee by the Government of India, Ministry of Finance (Banking Division). The Standing Committee has been mandated to standardize the remuneration package to be paid to all India based officers of Indian public sector banks operating in various overseas centers including Hong Kong. The Committee meets at periodic intervals to review/revise the remuneration package taking into account cost of living, market situation, etc.

Remuneration of Senior Management and Key Personnel

Information on the remuneration for the Bank's senior management and key personnel is set out below

(i) Amount of remuneration for the six months ended 30th September 2018.

	HK\$	Beneficiaries
Fixed remuneration	695,336	3
Variable remuneration	-	-
Total	<u>695,336</u>	<u>3</u>

(ii) No senior management or key personnel has been awarded with deferred remuneration during the six months ended 30th September 2018.
and

(iii) No senior management or key personnel has been awarded with new sign-on or severance payment during the the six months ended 30th September 2018.



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SECTION B - BANK INFORMATION CONSOLIDATED BASIS

AVAILABLE FROM THE BANK'S WEBSITE

1. Capital and Capital Adequacy

	<u>31.03.2018</u> (HK\$'000)	<u>31.03.2017</u> (HK\$'000)
a) Capital		
Shareholders' Funds	<u>277,329,254*</u>	<u>259,179,177**</u>
b) Capital Adequacy Ratio (Basel III)	<u>12.72%</u>	<u>13.03%</u>

2. Other Financial Information

	<u>31.03.2018</u> (HK\$'000)	<u>31.03.2017</u> (HK\$'000)
Total Assets	4,354,524,988*	4,111,123,580**
Total Liabilities	4,077,195,734*	3,851,944,403**
Total Advances	2,360,166,809*	2,263,588,091**
Total Customer Deposits	<u>3,253,353,580*</u>	<u>3,070,369,773**</u>
	Year <u>ended 31.3.2018</u> (HK\$'000)	Year <u>ended 31.3.2017</u> (HK\$'000)
Pre-tax Profit (Loss)	<u>(14,744,022)*</u>	<u>1,127,482**</u>

* Indian Rupee converted to HK\$ @ 8.305 (31st March 2018)

** Indian Rupee converted to HK\$ @ 8.38 (31st March 2017)

This Disclosure Statement is also available at State Bank of India, Hong Kong Branch and the public registry of the Hong Kong Monetary Authority.

Declaration of Chief Executive Officer

We have prepared the financial disclosure statement of State Bank of India, Hong Kong Branch for the six months ended 30th September 2018. The information disclosed complies fully with the Banking (Disclosure) Rules made by the Hong Kong Monetary Authority under Section 60A of the Banking Ordinance (Cap.155). To the best of my knowledge, the Disclosure Statement is not false or misleading.

Country Head & Chief Executive Officer
 State Bank of India, Hong Kong

C.N.V. Surendra Reddy
Country Head & CEO